



VERSAR MISSION



*Integrity, Agility, Trusted Partner,
Forward Thinking, Resilient*

SUSTAINABILITY
ANNUAL REPORT **2016**



VERSAR



*Global Sustainable Solutions
for environmental, engineering,
and construction*

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VERSAR

GLOBAL SUSTAINABLE SOLUTIONS

ENVIRONMENTAL • ENGINEERING • CONSTRUCTION

INTRODUCTION.

In 1970, the founders of Versar published a mission statement that included a desire to "...act in relation to our neighbors, our society, and our country so as to deserve their acclaim by being a good neighbor, a useful member of society, and a contributing citizen to our nation." Today, we continue to embrace these ideals.

Our goal for a sustainable Versar is to enhance the environment, support the economy, and shape a better society through the application of sustainable practices. This annual Sustainability Report presents progress towards achieving our goal.

OUR GOALS.

GOAL

OBJECTIVES



PEOPLE

Receive recognition as an Employer of Choice by end of 2017, acknowledged for enhancing Versar's corporate culture through continuous improvement.

- Support a culture that embraces the overall development of its employees.
- Create an atmosphere at Versar that supports increased morale and promotes creativity and passion for the mission.
- Provide corporate financial support and encouragement for employee wellness.



WASTE

Reduce waste generated in all offices by 25% from the 2014 baseline by 2015, and 5% of the previous year each year thereafter.

- Reduce the ordering of excess material to prevent it from becoming waste.
- Reinvigorate Versar's paperless initiative.
- Establish a preference for reuse of all materials instead of disposal.
- Recycle as much material as possible.



COMMUNITY

Enhance the integration of people from the company within the communities where Versar operates.

- Encourage support of the "Volunteerism at Versar" initiative.



PURCHASING

Acquire 100% sustainable products and services in all offices by 2020, to incorporate all sustainability elements: societal well-being, economic prosperity, and environmental enhancement.

- Write and insert Sustainable Terms and Conditions into all appropriate contracts.
- Encourage purchases of sustainable supplies and equipment.



CARBON FOOTPRINT

Reduce Versar's carbon footprint by 50% by 2030.

- Determine Versar's carbon footprint.
- Reduce carbon emissions from transportation.
- Support purchase of renewable energy in leased buildings.
- Establish a carbon offset program for Versar employees.
- Support efficiency measures in Versar's buildings.

PEOPLE

Receive recognition as an Employer of Choice by end of 2017, acknowledged for enhancing Versar's corporate culture through continuous improvement.



Our goal of being Employer of Choice has three objectives:

1 Ensure employee **DEVELOPMENT**

2 Continually enhance **MORALE**

3 Encourage employee **WELLNESS**

We have made noteworthy strides in a number of best practices areas, including making employee professional development learning opportunities more readily accessible via technology and an enhanced curriculum, as well as encouraging employees to pursue advanced degrees and other professional credentials; offering traditional benefits that are truly useful and meaningful to our employees and highly competitive within the marketplace in which we attract, recruit, and retain talent; and a commitment to employee wellness through the creation of a multi-year, robust wellness program hosted by best-in-class wellness provider (Viverae was implemented in 2014 and the effort continued through the end of 2016. In 2017, we transitioned to a built-in wellness program with CareFirst). Our commitment to employees remains strong and our goal of being publicly recognized as an Employer of Choice remains in our sights.

DEVELOPMENT.



Leadership development continues to be an important part of Versar's culture. Versar's Leadership Development Program has worked on special projects, designated by the Company's Executive Team. Most notably, in 2016, they had responsibility for reviewing and recommending changes to the Company's mission, values, and vision statements.

During 2016, an increasing number of employees took advantage of the Company's tuition assistance program, as well as the opportunity to be reimbursed for earning or renewing important certifications within their professions that have provided great benefit to Versar and to our clients. Versar's commitment to continuous learning is evident as our employees build upon their successes through building out their resumes.

Learning and development at Versar come together in various ways. From information shared in our regularly scheduled all-hands meetings, to webinars hosted by our 401(k) and healthcare providers, to required training related to Ethics and Anti-Harassment training, to having the opportunity to take on additional job duties as part of informal mentoring, there is something for everyone to take advantage of in a way that allows employees to keep moving forward in their goals and in support of the Company's mission and vision.

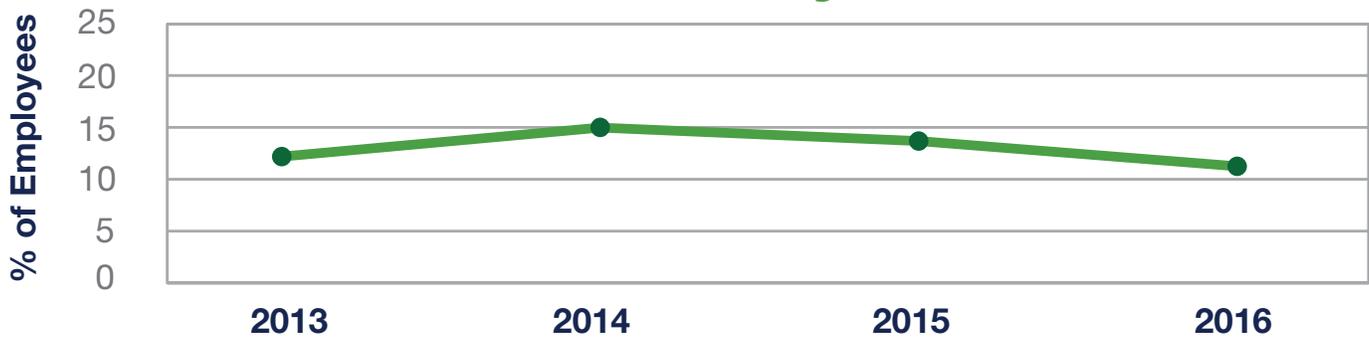
PEOPLE

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MORALE.

Demonstrating the desire of personnel to stay with Versar long term is the number of recipients of service awards, which are received in 5-year increments.

Percent of Employees in Receipt of Anniversary Awards



2016 SERVICE AWARDS

(out of approximately 520 employees)



PEOPLE

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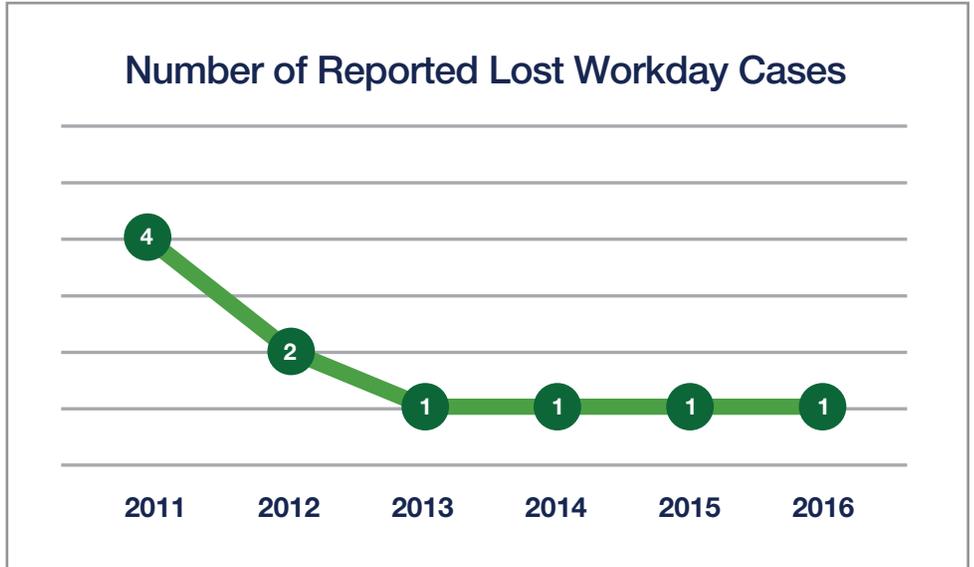
WELLNESS.

As a consulting organization, it is in Versar's best interest to ensure its employees have the tools they need to stay safe and healthy.

Due to the company's **EXCELLENT SAFETY RECORD**, Versar earned an Experienced Modification Rate (EMR) of 0.71 from the National Council on Compensation Insurance (NCCI), resulting in Workers' Compensation Insurance premium **SAVINGS**.

A company's EMR can have a strong impact on a business. It is a number used by insurance companies to gauge both past cost of injuries and future chances of risk. The lower the EMR, the lower the workers' compensation insurance premiums will be. An EMR of 1.0 is considered the industry average.

An effective safety program that eliminates hazards and prevents injuries is the best strategy, as no injuries equal no claims!



Versar's **Motor Vehicle Safety Program** is one of many that help maintain the safety record.



Step Ahead Challenge
This is a four-week individual challenge designed to encourage an increase in the number of steps taken each day using a pedometer-type device.



ESG continues to share **Safety & Health Newsletters** to help keep safety and health on our minds at the office, in the field, and away from work.

WASTE

Reduce waste generated in all offices by 25% from the 2014 baseline by 2015, and 5% of the previous year each year thereafter.



WASTE REDUCTION GOAL OBJECTIVES.

- ✓ Reduce the ordering of excess material to prevent it from becoming waste.
- ✓ Reinvigorate Versar's paperless initiative.
- ✓ Establish a preference for reuse of all materials instead of disposal.
- ✓ Recycle as much material as possible.



WASTE

Reduce waste generated in all offices by 25% from the 2014 baseline by 2015, and 5% of the previous year each year thereafter.

REDUCE THE ORDERING OF EXCESS MATERIAL TO PREVENT IT FROM BECOMING WASTE.

Efforts across Versar offices to minimize excess materials include:

- **82% of offices have established designated areas for reuse of supplies (such as paper, boxes, and pens).**
- **60% of offices have donated materials and office supplies to local schools and charities.**
- **Most offices make a conscious effort to print double-sided and reuse paper for scratch or note taking prior to recycling. The Boise, ID office went a step further and implemented a “No Print Tuesday” policy to reduce overall printing.**



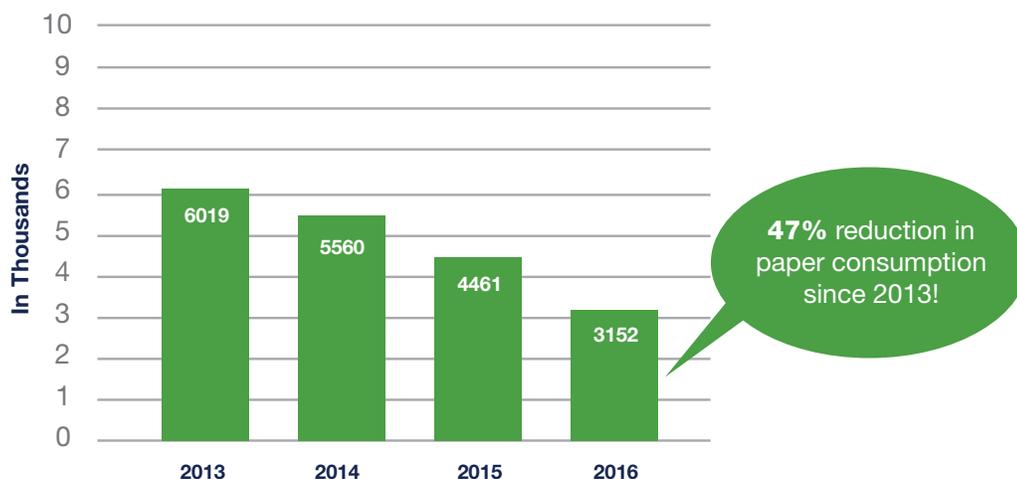
REINVIGORATE VERSAR'S PAPERLESS INITIATIVE.

While a formal paperless initiative has not been implemented, we continue to make progress company-wide reducing paper purchases and use.

Primary uses of paper at Versar offices are for final drafts of documents, client requests for hard copies of proposals, and client requests for hard copies of technical reports, drawings, and maps. As our clients move towards accepting electronic deliverables (and requiring fewer hardcopies), Versar will also make progress towards our goal of reduced paper purchases and use.



Reams of Paper User by All Versar Offices



WASTE

Reduce waste generated in all offices by 25% from the 2014 baseline by 2015, and 5% of the previous year each year thereafter.

ESTABLISH A PREFERENCE FOR REUSE OF ALL MATERIALS INSTEAD OF DISPOSAL.

All of our offices reuse materials, whether within the office, by donation, or by sharing with other Versar offices. Personnel understand the value of items and the environmental/life cycle costs of single-use items. A few of our highlighted actions at specific offices include reuse of electronics, paper, office supplies, and packing materials.

- ✓ **Chandler, AZ**
The office added electronics collection to their recycling efforts.
- ✓ **Columbia, MD**
Packing materials, bubble wrap, and peanuts are saved for reuse.
- ✓ **Newport News, VA**
The office started a compost initiative and also instructed the housekeeping staff not to use plastic bag liners in recycling cans.
- ✓ **Richardson, TX**
Packing materials are reused as much as possible.
- ✓ **Springfield, VA**
Office supplies (binder clips, staplers, and scissors) are reused or donated to a local elementary school.
- ✓ **Philippines:**
Plastic and paper bags are saved for reuse.

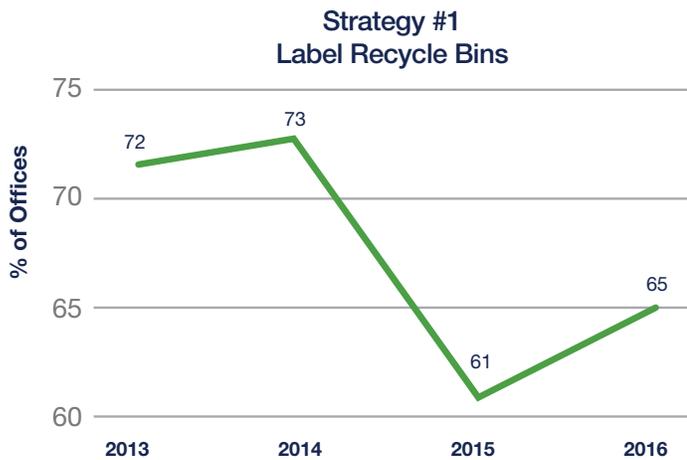


WASTE

Reduce waste generated in all offices by 25% from the 2014 baseline by 2015, and 5% of the previous year each year thereafter.

RECYCLE AS MUCH MATERIAL AS POSSIBLE.

Four strategies support our objective to recycle as much material as possible and also support our overall waste reduction goal. They are to: **(1)** label recycle bins properly, **(2)** assign an Office Sustainability Captain (previously “Recycle Champion”) to each office, **(3)** work with property managers at our leased buildings to provide recycling bins and pick up, and **(4)** ensure that recycle bins are larger than trash bins in all of our buildings.



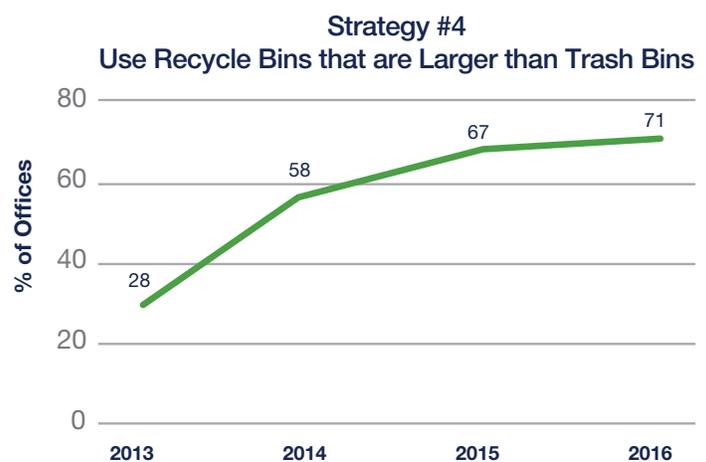
There have been no significant changes in the percentage of offices with labeled recycle bins, and thus general recycling awareness, over the last 4 years.



In the past, offices have struggled to identify a Recycle Champion; however, in 2016, every domestic office designated an Office Sustainability Captain (OSC)! A designated OSC helps facilitate sustainability-related data gathering and promotes recycling/sustainability awareness at their office.



The percentage of offices working with property management companies to pick up recyclables has increased in recent years. It should be noted, however, that several offices have taken charge of their own recycling efforts when the property management company does not provide such a service.



The percentage of offices with larger recycling bins than trash bins (or same size in some cases) continues to increase - keep up the good work!

COMMUNITY

Enhance the integration of people from the company within the communities where Versar operates.



VOLUNTEERISM AT VERSAR



Columbia Office Volunteers Earth Day 2016

Volunteerism at Versar is a company-wide program in which all employees are invited to participate locally, globally, cross-functionally, and beyond in supporting the communities in which we live and work. Versar's community outreach objectives are primarily focused on gifts of time through the Volunteerism at Versar initiative. In 2016, volunteerism efforts continued to be promoted throughout the year with excellent results.

The "Volunteerism Funding Request" is a mechanism for us to capture and track our volunteer partnerships, as well as fund the volunteer program. By completing a Volunteerism Request Form and submitting it to Human Resources, employees may be approved by the Volunteerism Committee to receive formal approval, and, as necessary, funding, to enhance and support their volunteer activities, from sponsoring runners to purchasing t-shirts or equipment, or even buying the ingredients needed to create breakfast as part of a fundraising initiative.

In 2016, Versar Volunteerism supported several activities: Spring and Fall stream clean ups in Springfield, VA; Idaho State Archaeology Fair in Boise, ID; Plano Archaeology Fair in Plano, TX; and the Howard County Earth Day "Live Green Event" in Columbia, MD.



Boise Office Volunteers Girl Scouts STEM Day 2016

COMMUNITY

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MAKING A DIFFERENCE IN THE COMMUNITIES IN WHICH WE WORK



1. Aiea, HI

- City and County of Honolulu
- Kidney Foundation
- New Hope Leeward

2. Atlanta, GA

- Goodwill

3. Boise, ID

- Idaho Archaeological Society

4. South Easton, MA

- Covenant Congregational Church
- School on Wheels

5. Chandler, AZ

- Treasures for Teachers
- Local animal shelter
- American Legion Charities

6. Columbia, MD

- Cranberry Station Elementary School
- Nature Conservancy
- National Alliance to End Homelessness
- American Red Cross
- Doctors Without Borders
- Wounded Warrior Project
- Environmental Defense Fund
- Hubbard Brook Research Foundation

7. Dulles, VA

- Church of Jesus Christ of Latter Day Saints

8. El Paso, TX

- Goodwill
- Candlelighters
- Animal Haven of Las Cruces

9. Germantown, MD

- Manna Food Center

10. Newport News, VA

- Goodwill
- Giveaway via Craigslist

11. Philippines

- Angeles Elementary School

12. San Antonio, TX

- Susan G. Komen
- Goodwill
- Local church

13. Springfield, VA

- Crestwood Elementary
- Gifts for the Homeless, Inc.

14. Westminster, CO

- ARC Thrift Stores

VOLUNTEERISM

In 2016, 12 offices reported a total of approximately 1,041 hours volunteered. (Please note that not all offices were able to report an accurate number of volunteer hours in the data call, reflecting the need to establish a better method to track this information.)



PURCHASING

Acquire 100% sustainable products and services in all offices by 2020, to incorporate all sustainability elements: societal well-being, economic prosperity, and environmental enhancement.



PROGRESS.

WRITE AND INSERT SUSTAINABLE TERMS AND CONDITIONS INTO ALL APPROPRIATE CONTRACTS.

The Versar Sustainability Program is working with Versar's Contracting and Procurement Division to track sustainable purchases and baseline the number of contracts that include sustainable terms and conditions.

ENCOURAGE PURCHASES OF SUSTAINABLE SUPPLIES AND EQUIPMENT.

Versar has established a relationship with Staples Advantage, which enables purchases of sustainable materials and tracking of those purchases.



CARBON FOOTPRINT

Reduce Versar's carbon footprint by 50% by 2030.

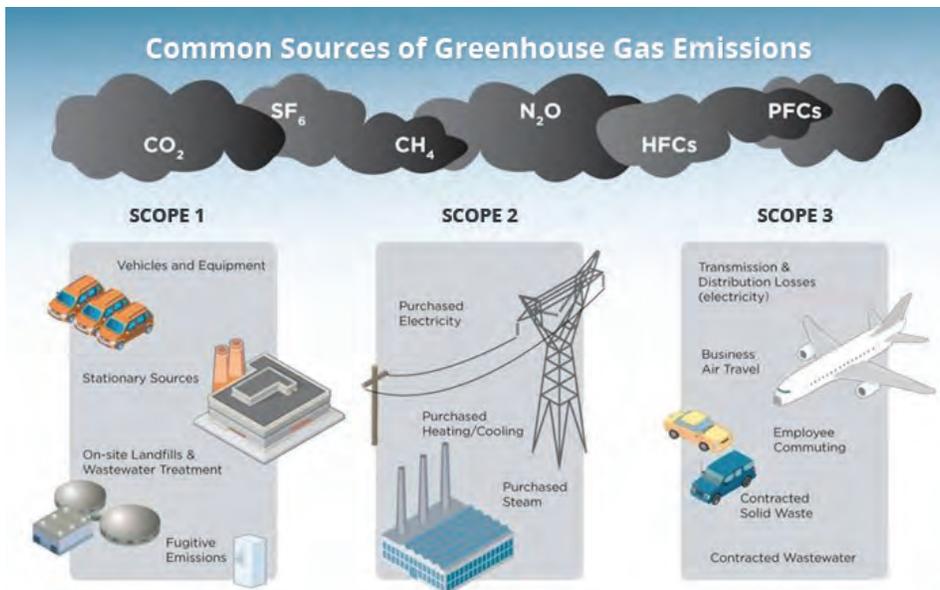


DETERMINE VERSAR'S CARBON FOOTPRINT.

Climate change includes significant changes in temperature, precipitation, or wind patterns, among other effects, that occur over several decades or longer. Greenhouse Gases (GHGs) are a major contributor to climate change in that GHGs cause the atmosphere to retain heat.

GHGs are measured in metric tons of emitted carbon dioxide equivalents, or CO₂-e. Gases included in this inventory include carbon dioxide (CO₂), methane (CH₄), and nitrous oxide (N₂O). Emissions are expressed as equivalents because some GHGs are more potent than others and have a greater "global warming potential." Using a common metric helps compare their relative impacts.

Versar's Sustainability Program began reporting GHG emissions in 2013 (baseline year). EPA's Simplified GHG Emissions Calculator (SGEC) has been used to calculate total GHG emissions for each year. The results are presented on page 15 of this report.



CO₂ = CARBON DIOXIDE
SF₆ = SULFUR HEXAFLUORIDE
CH₄ = METHANE

N₂O = NITROUS OXIDE
HFCs = HYDROFLUOROCARBONS
PFCs = PERFLUOROCARBONS

SCOPE 1 Emissions are direct GHG emissions from sources that are owned or controlled by the entity (e.g., from fossil fuels burned on site, entity-owned or entity-leased vehicles, and other direct sources).

SCOPE 2 Emissions are indirect GHG emissions resulting from the generation of electricity, heating and cooling, or steam generated off site but purchased by the entity.

SCOPE 3 Emissions include indirect GHG emissions from sources not owned or directly controlled by the entity but related to the entity's activities (e.g., employee travel and commuting, product transport).

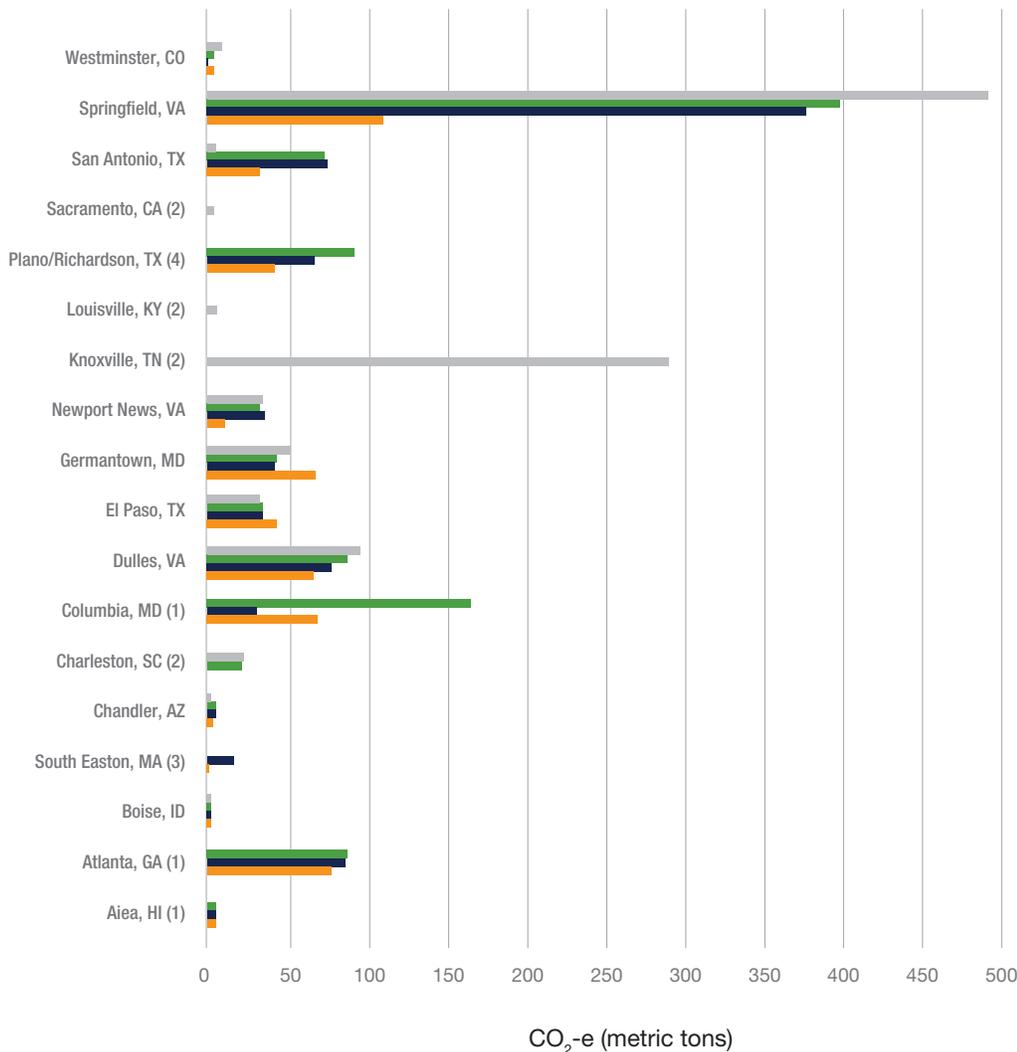
CARBON FOOTPRINT

Reduce Versar's carbon footprint by 50% by 2030.

Scope 2 Emissions from purchased and consumed electricity are Versar's greatest GHG emissions contributor. Source data was provided by Office Sustainability Captains and estimated, if necessary, based on pro rata portion of power consumption in the office building (i.e., amount of Versar leased space within the total building space). The charts below show Scope 2 GHG Emissions from office locations for which data was reported.

Versar completed its first GHG Inventory in 2013 (baseline year), which included emissions tallied for 16 domestic office locations. Emissions calculated for 2014 included 16 domestic and 3 international office locations. Emissions calculated for 2015 and 2016 included 14 domestic and 3 international office locations.

Domestic Office Locations



Scope 2 Emissions

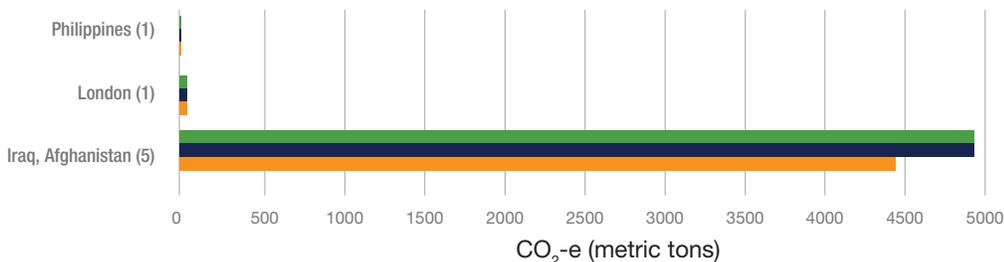
- 2016
- 2015
- 2014
- 2013

Notes:

- 1 - No data reported for 2013
- 2 - Office location no longer exists
- 3 - New office location in 2015
- 4 - No data reported for 2013, and in 2015 the Plano, TX office moved to Richardson, TX
- 5 - These locations are compounds in combat zones (not typical office spaces)

Carbon dioxide (CO₂) is the primary greenhouse gas emitted through human activities. While CO₂ emissions also come from a variety of natural sources, human-related emissions are responsible for the increase that has occurred in the atmosphere since the industrial revolution. By reducing CO₂ emissions, Versar can reduce its carbon footprint and make less of a negative impact on the planet.

International Office Locations



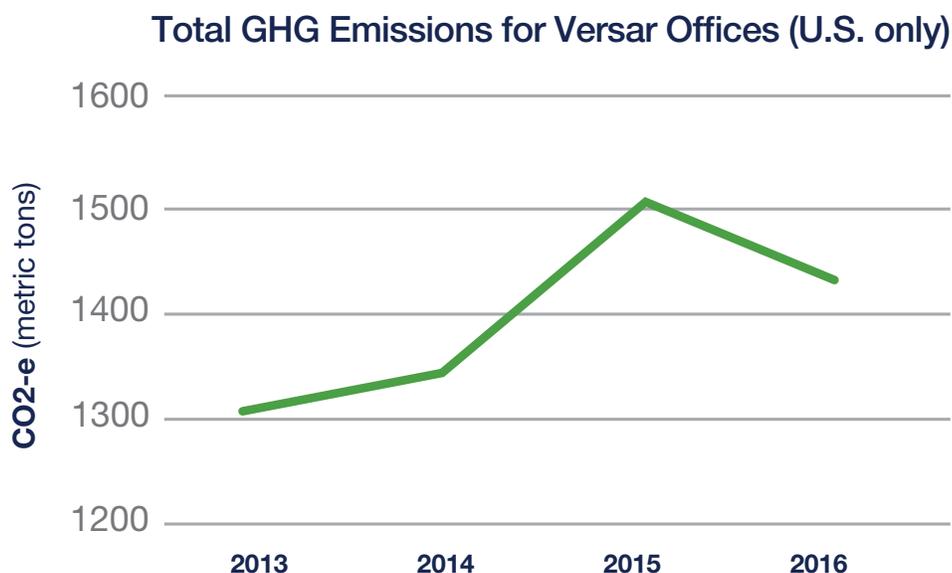
CARBON FOOTPRINT

Reduce Versar's carbon footprint by 50% by 2030.

SUPPORT EFFICIENCY MEASURES IN VERSAR'S BUILDINGS.

Our South Easton, MA office is a great role model for other offices. This LEED-certified building includes an array of solar panels on the roof that harnesses more than half of the energy required by the building tenants.

REDUCE CARBON EMISSIONS.



Analysis of available/ reported data from U.S. Versar offices indicates a **10% increase** in GHG emissions from the 2013 baseline year.

Note: Only Scope 1 and Scope 2 Emissions were included in the calculations; Scope 3 Emissions were not accounted for.

OUR PROGRESS.

The carbon footprint goal is the most difficult to measure, as Versar is a dynamic company with acquisitions and changes in personnel and office locations.

We continued to encourage progress towards reducing our GHG emissions, and strides are being taken on an office-by-office basis to support efficiency measures wherever possible.



SUMMARY

GOAL	OBJECTIVES	STATUS
<p>PEOPLE</p> <p>Receive recognition as an Employer of Choice by end of 2017, acknowledged for enhancing Versar's corporate culture through continuous improvement.</p>	<ul style="list-style-type: none"> Support a culture that embraces the overall development of its employees. Create an atmosphere at Versar that supports increased morale and promotes creativity and passion for the mission. Provide corporate financial support and encouragement for employee wellness. 	<ul style="list-style-type: none"> ● ● ●
<p>WASTE</p> <p>Reduce waste generated in all offices by 25% from the 2014 baseline by 2015, and 5% of the previous year each year thereafter.</p>	<ul style="list-style-type: none"> Reduce the ordering of excess material to prevent it from becoming waste. Reinvigorate Versar's paperless initiative. Establish a preference for reuse of all materials instead of disposal. Recycle as much material as possible. 	<ul style="list-style-type: none"> ● ● ● ●
<p>COMMUNITY</p> <p>Enhance the integration of people from the company within the communities where Versar operates.</p>	<ul style="list-style-type: none"> Encourage support of the "Volunteerism at Versar" initiative. 	<ul style="list-style-type: none"> ●
<p>PURCHASING</p> <p>Acquire 100% sustainable products and services in all offices by 2020, to incorporate all sustainability elements: societal well-being, economic prosperity, and environmental enhancement.</p>	<ul style="list-style-type: none"> Write and insert Sustainable Terms and Conditions into all appropriate contracts. Encourage purchases of sustainable supplies and equipment. 	<ul style="list-style-type: none"> ● ●
<p>CARBON FOOTPRINT</p> <p>Reduce Versar's carbon footprint by 50% by 2030.</p>	<ul style="list-style-type: none"> Determine Versar's carbon footprint. Reduce carbon emissions from transportation. Support purchase of renewable energy in leased buildings. Establish a carbon offset program for Versar employees. Support efficiency measures in Versar's buildings. 	<ul style="list-style-type: none"> ● ● ● ● ●

COLOR KEY



Significant progress made on this objective since 2013 baseline



Some action has been taken towards meeting this objective



This objective needs attention



VERSAR MISSION

*Integrity, Agility, Trusted Partner,
Forward Thinking, Resilient*

MANY CAPABILITIES
ONE
SOLUTION

VERSAR

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